



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4
ATLANTA FEDERAL CENTER
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ATLANTA, GEORGIA 30303-8960

OCT 31 2007

Myra C. Reece, Chief
Bureau of Air Quality Control
South Carolina Department of
Health and Environmental Control
2600 Bull Street
Columbia, South Carolina 29201

Dear Ms. Reece:

This correspondence is being sent to provide you with a final copy of the Environmental Protection Agency (EPA) Region 4 report, which was completed as a result of the EPA Title V program evaluation conducted on June 13th – 14th (see Enclosure). The purpose of this program review was to evaluate the status and the ability of the South Carolina Department of Health and Environmental Control, Bureau of Air Quality (the Bureau) to carry out the duties and responsibilities required to effectively run the Title V program, as well as find out how EPA can best assist the Bureau in meeting these commitments.

We would like to take this opportunity to commend the Bureau staff for the effective implementation of the title V program. EPA Region 4 looks forward to continuing to work closely with the Bureau to maintain a high quality title V program. If you have any questions regarding the report, please do not hesitate to contact me or have your staff contact Randy Terry of the EPA Region 4 staff at (404) 562-9032.

Sincerely,

A handwritten signature in black ink that reads "Carol G. Kemper".

Beverly H. Banister
Director
Air Pesticides and Toxics
Management Division

Enclosure

South Carolina Title V Program Review

The South Carolina Department of Health and Environmental Control, Bureau of Air Quality (Bureau) initial program review was conducted week of July 20 - 23, 2003, and is kept on file at the U.S. Environmental Protection Agency Region 4 (EPA) office in Atlanta, GA. Based on the information gathered from the initial round of title V program evaluations and the implementation of new title V permit requirements, EPA committed to conduct a second round of title V program reviews for all state and local programs that had at least 20 title V major sources within their jurisdiction by the end of FY 2010.

The second program evaluation of the South Carolina title V program was conducted on June 13-14, 2007 in Columbia, SC. This evaluation consisted of four separate sections: resources and internal management, including a title V funds review; public participation; permit file review; and, update on suggested improvements from the Initial Evaluation. Upon EPA's arrival in Columbia, SC, EPA provided the Bureau with a list of five title V sources with compliance assurance monitoring (CAM) plans that EPA planned to review as part of the program evaluation and conducted an entrance interview between EPA and key staff of the Bureau explaining the details that Region 4 would be addressing during the State office visit. The following parties attended the initial meeting: Randy Terry (EPA Region 4); James Purvis (EPA Region 4); and Rhonda Thompson (Bureau).

A. Resources and Internal Management

Both EPA and South Carolina program grant auditors have reviewed and approved the financial management system that is utilized for tracking title V funds. Each fund (fee, grant, or state appropriation) has unique accounting codes to enable tracking the revenues and expenditures for each funding source. Title V revenues are maintained within a separate account in the agency's accounting system and have not been used for any non title-V expenses. The Bureau charges fees consistent with the title V fee structure in the Clean Air Act, as amended in 1990. These fees are tied to the consumer price index (CPI.) For fiscal year 2007, the fee is \$39.48 per ton and in FY 2008 the title V fee will rise to \$41.02. The Bureau expressed concerns to EPA about the ability to meet the needs of title V while following the CPI recommendations and was considering the possibility of adding an application fee to meet their budget requirements. EPA informed the Bureau of the practices of other Region 4 title V programs that utilize applications fees as well as noted that the CPI was not a fee cap. If the Bureau's budget analysis indicates that they need to charge a fee higher than the CPI, 40 CFR part 70 does not limit the increase. The Bureau has a rollover account, which allows for all unexpended funds remaining in the title V account to be carried forward for the next fiscal year.

The Bureau utilizes the Personnel Cost Accounting System (PCAS) to apportion personnel resources between title V and non-title V resources. Payroll adjustments are made as necessary to match the cost reflected in PCAS to the actual title V costs. Travel is paid based upon the

PCAS coding of actual time worked. Equipment and supplies are paid based upon projected usage. Where expenditures are shared among several funding or program areas, title V funds are allocated their appropriate share. Costs can be split as needed between funds based upon the financial management codes. Office space, utilities, and other general expenses are paid under a process that has been approved by EPA for program grant administration and are charged to all environmental funds.

The Bureau has 27.14 permit writer positions allocated to title V and has recently experienced a very high turnover rate. At the time of the program evaluation, 16 Bureau permit writers have less than one year and 18 have less than three years permit writing experience. This high turnover rate and limited experience has been the primary contributing factor in the accrual of a significant title V renewal application backlog due to the learning curve to adequately train a large number of new staff to perform permitting duties. Additionally, the Bureau is continuing to have difficulties recruiting applicants for their permit writing positions. Some positions have remained vacant over six months before being filled. The Bureau is exploring the possibility of hiring contractors to help fill these vacancies. Another contributing factor for the backlog, insufficient information submitted by applicants, is discussed later within this report. In an effort to reduce turnover, the Bureau offers telecommuting, alternative work schedules, short term enrichment program, and salary adjustments when possible. The Bureau also conducts periodic salary surveys of Region 4 state permit writer salaries to determine the appropriate salary level for their permit engineers. The most recent salary survey resulted in a salary increase for engineers effective April 2, 2007. On average, Bureau permit writers have 14 title V permits for which they are responsible. Some staff exceed this number due to the special industry sectors they have been assigned, while others have fewer depending on other job duties.

The Bureau has developed a detailed list of courses for its employees to take along with a timeframe for when they should take them. These courses are designated as either mandatory or desirable. The Bureau strongly believes that EPA can best assist them with regards to training by continuing to send EPA staff over to provide staff training.

The Bureau utilizes quarterly reports to its Agency Board and to EPA to keep them updated on permit issuance. South Carolina believes that the biggest internal roadblock to permit issuance is a workload that has increased more rapidly than have the resources allocated to execute workload tasks. The Bureau is looking at ways to streamline other workload efforts to reduce time spent on issues not pertaining to title V.

B. Public Participation and Affected State Review

South Carolina does not have one newspaper that covers the entire State so in order to notify the public of a new permit application, the Bureau often utilizes a local newspaper, of general circulation, in the area of the facility. However, South Carolina's largest newspaper, "The State," covers most of the State and is used as an alternative to the local newspaper. Additional ways the Bureau notifies the public is by listing all actionable permits on their web site and by

mailing, free of charge, notification to those groups or citizens that have requested inclusion on their mailing list. The Bureau has received very few comments on the title V renewals and has noted that the mailing lists and the website are the areas found to be most effective in notifying the public of an impending permitting action.

C. Renewal Permits and File Review

The Bureau provided five facility title V and monitoring files for EPA review during the program evaluation. These facilities were intended to be a representative sample of sources in the state. Three facilities were selected for their CAM plans and two other facilities were selected as a cross section of complex multiple, permitted facilities, collocated with each other and the facilities with complex CAM plans.

The Bureau has revised their title V statement of basis template to include a section that discusses CAM applicability for each permit writer to describe whether CAM is applicable and include explanations for that determination. In addition the Bureau has developed a cache of electronic documents containing questions and answers as well as guidance for implementation of CAM to assist the permit writers.

Bureau staff has attended a basic level CAM workshop conducted by EPA in Columbia, South Carolina. Since that initial workshop, the Bureau has initiated and conducted several training sessions with staff to discuss questions and guidance documents that have been developed by the CAM workgroup. The CAM workgroup consists of permit writers, stack testing staff and compliance staff. CAM implementation has included submittal of CAM plans to the CAM workgroup for review and assistance to each permit writer to determine appropriateness and acceptability of CAM plans. Guidance is offered to each permit writer if follow-up questions and changes to the CAM plans are needed.

Bureau title V renewal applications have been modified to include CAM applicability and submittal of a CAM plan if the facility is subject to CAM. As of October 2006, the Bureau had 156 title V renewal applications in-house and had accrued a backlog of 80 title V renewals. A title V application that has been in-house with the Bureau for 540 days is considered "backlog." The Bureau believes the primary reasons for permit issuance delays have been their high staff turnover and their difficulties in hiring new staff. Another reason for the delays has been a lack of sufficient information submitted by the sources on their application. This has caused the Bureau to request additional information from the sources and led to a delay in the issuance of the permit. To address the problem of not getting sufficient information on the title V applications, the Bureau revised the application forms in 2006. All facilities were required to start using the new forms after August 1, 2006. These new forms provide the Bureau with more detailed information needed for permit renewals and modifications. In the fall of 2006, to reduce the number of title V permit renewal applications in-house, the Bureau established a goal of drafting 25 percent of all title V renewals by July 1, 2007, and reported that this goal has been met. The Bureau recently established a second goal for title V permit renewals. The new goal is

to draft (have ready for public notice), at a minimum, an additional 25 percent by March 1, 2008. Permits in our backlog and permits that are close to being considered backlog will be a priority. The Bureau has not set a goal to eliminate the title V backlog, but is actively working to do so. EPA will be able to monitor the progress of the Bureau in eliminating the backlog through their semi-annual reports for the Title V Operating Permits System (TOPS) database.

Review of the collocated facility permits revealed that although these facilities are collocated, they have been granted individual operating permits at the request of the individual entities reflected in the permits. This was granted to allow each facility, often with separate environmental staff or departments, to better meet reporting and monitoring and recordkeeping requirements. However, in each case, limits for Prevention of Significant Deterioration, Lowest Achievable Emissions Rate, and Maximum Achievable Control Technology (MACT) purposes were aggregated across all facilities collocated as if there were one operating permit over all facilities. Further review of monitoring files found these facilities were well below allowable emission limits and in compliance with applicable requirements.

CAM plans were found to be very detailed and complete. As CAM requirements were satisfied by existing, more stringent monitoring set in place previously by the Bureau, these CAM plans were more than adequate. A few items of additional detail should be included in future revisions, however, such as gauge locations and specific monitor and Continuous Emissions Monitoring Systems calibration specifications that should be detailed in the plan for completeness and for simplicity at the time of inspection.

Permit conditions referring to Standard 7 of SC regulation addressing new source review reform regulations that are not yet included in the SIP should have the permit shield removed at the earliest opportunity.

One item requested by the Bureau was an opinion from EPA speaking to the issue of MACT requirement paraphrasing. It is EPA's position not to approve MACT requirements in operating permits that have been abbreviated or summarized from the language included in the applicable requirement. EPA advises two alternatives to paraphrasing: Direct quotations from the applicable requirements or for permit brevity, direct citations of the applicable requirement from the standard itself. EPA defers to the discretion of the state for this decision on a case-by-case basis.

D. Update on Suggested Improvements from Initial Evaluation

1. The Bureau should remove 61-62.5, Standard 7 out of permit shield for nonapplicability at renewal or first significant modification.
 - Shortly after the initial evaluation in 2003, the Bureau removed the permit shield non-applicability language for Regulation 61-62.5, Standard No. 7 from their title V permit template. The permit shield non-applicability language is also being removed from existing permits when they come up for renewal and modifications.

2. The Bureau must ensure that all monitoring submittals required by a facility be certified by responsible official.
 - During the permit file review portion of the evaluation, all monitoring records reviewed were certified by responsible officials.
3. At the first opportunity, either renewal or significant modification, the Bureau should incorporate the contents of monitoring plans into the permit.
 - All permits reviewed during the on-site file review included all the necessary components of any required monitoring plans.

E. Area(s) of Concern

Information gained during the program evaluation shows that the Bureau has experienced a permit writer turnover rate of over 50 percent, in the past one+ year, within the permits division. 40 CFR part 70.4(b)(8) requires all title V agencies to provide adequate staff to “develop, administer and enforce the program.” This turnover rate has contributed to a growing backlog of title V renewal applications. EPA recommends that the Bureau continue to implement its plan to ensure that they have adequate trained staff to timely address the renewal applications. EPA will continue to monitor the permitting backlog through data submitted by the Bureau to be included in the semi-annual TOPS report. Should the backlog continue to grow, additional follow-up with the State may be warranted.

Conclusion

At the conclusion of the onsite portion of the Title V program review, Region 4 personnel met with key Bureau officials to conduct an exit interview. During this exit interview Region 4 shared the findings of the review and laid out a timeframe for when the final report would be completed. Overall, EPA believes that the Bureau is meeting the federal requirements of the title V programs and looks forward to working with the Bureau in the future. Personnel in attendance from EPA Region 4 were Randy Terry and James Purvis. Gregg Worley participated by telephone. Bureau officials in attendance were Rhonda Thompson and Renee Shealy.